

Comprehensive Spending Review 2020

London Councils' Representation to Government

This Spending Review comes at a pivotal moment for the future of the country as it seeks to rebuild the economy and emerge stronger and more resilient from the global pandemic. It also comes at a time of huge financial risk for local government and its communities. Government is committed to “levelling up” inequalities of productivity, opportunity, wealth and income across the country: but those inequalities are as stark within regions as between them, between people as much as places. London Boroughs are determined to play their part in driving the social and economic recovery our country needs, but to do so they need both financial support and greater freedom to manoeuvre.

Funding Local Government

Local government has been at the forefront of the response to Covid-19, demonstrating its vital role in the social and economic fabric of communities across the country; but the pandemic has put councils' immediate and long-term financial survival in doubt. While we welcome the emergency financial support so far provided, we now urge government to:

Secure the immediate financial position by fully compensating councils for the financial impact of the pandemic to date, including support for lost Council Tax and Business Rates. In London – even without a substantial second wave of the virus or local lockdowns, this will require an additional £1.4 billion; without certainty around this funding councils will have to make short term emergency spending cuts which will undermine longer-term recovery

Create as much certainty as possible for the coming three years by:

- *urgently announcing 2021/22 funding, grants and council tax principles;*
- *ensuring councils are adequately resourced to fulfil their new and existing roles and in managing the on-going pandemic and associated social distancing in future years*
- *helping London Boroughs close their £2 billion budget gap through annual above-inflation increases that also take account of underlying demand pressures in key services, including Adult and Children's Social Care (£430 million), Public Health (£130 million), Homelessness (£200 million), High Needs education funding (£100-200 million) and supporting people with No Recourse to Public Funds (£50 million).*

Ensure long term financial sustainability by engaging local government in debate to resolve key issues including service devolution, social care, business rates reform and new funding sources. We should aim to build a new settlement to underpin the long-term funding of local government, including new sources of revenue and greater fiscal devolution.

Driving economic recovery

The immediate focus for the government at the CSR must be to deliver the national economic recovery from the consequences of the pandemic. This cannot happen without a strong recovery in London which, before the crisis, contributed 28 per cent of UK GVA, and a fiscal surplus of £39 billion. We set out an investment case for a combination of direct funding, access to project finance and greater operational flexibility to enable London to play its part. This includes asking government to:

Take immediate steps to shore up London's economy, including:

- *Support for business, workers and customers through a targeted extension of the schemes for rates reliefs and grants, job retention and customer confidence (“Eat Out to Help Out”).*
- *Allocating UKSPF and allowing devolved areas collectively to determine how best to spend it.*
- *Extending the ‘Reopening High Streets Safely Fund’ to enable enhanced public realm management for councils, police, security staff, marshalls and trading standards.*

Equip boroughs to drive the green recovery by:

- Investing £350 million immediately to support the £950 million already committed by boroughs to 375 retrofitting projects in 2020/21 that will create more than 2,000 skilled green jobs,
- Build on this for the future through a £1 billion multi-year programme, a targeted PWLB rate and new financing mechanisms to retrofit all buildings – homes, commercial and industrial.
- Create a national £1.5 billion Clean Air Fund to enable cities to implement Clean Air Zones.

Boost housing delivery in London by allowing councils:

- Local flexibility to increase rents by up to CPI + 1 per cent, or more where they can demonstrate a positive correlation between additional house building and housing benefit reductions.
- Complete flexibility over the use of Right to Buy receipts.

Support longer term job creation and productivity by:

- Devolving skills and employment, as set out in the Skills for Londoners Call for Action.
- Devolving the Apprenticeship levy and setting up a London Apprenticeship Service.

Investing in London's strategic infrastructure and roads by:

- Funding the National Infrastructure Assessment, which would go a long way to promoting an increase in public transport and getting London back to work.
- Devolving VED to help fund much-needed investment in London's highways.

Supporting social recovery

There is no getting away from the scale of the challenge posed by the social impact of Covid-19. By 3 September, more than 40,000 people in London had contracted the disease and 8 of the 10 local authorities in England with the highest rates of excess deaths were in London. There is much government can do to support us to rebuild our communities and local services, including:

Support for health & social care:

- Urgently providing a long-term sustainable plan for the funding of social care.
- Immediate funding to alleviate both the additional Covid-19 costs and the underlying £130 million shortfall from demographic pressures.
- Restoring Public Health Grant to 2015/16 levels in real terms and targeting it where it is most needed – £130 million.
- Medium-term funding allocations in adult social care and public health that mirror the NHS.
- Further health and care devolution in London over the CSR period, building on the unprecedented collaborative working seen during the pandemic.

Investing in children's services:

- £300 million to meet the annual shortfall in children's social care.
- Increased rates of Home Office grant for UASC and former UASC Care Leavers.
- Sufficient High Needs funding for authorities with deficits to deliver realistic recovery plans.
- Further support for schools to stay open safely, and a commitment not to reduce funding where school rolls fall temporarily as a result of Covid-19.

Tackling London's Homelessness crisis:

- Immediate funding to cover in-year the funding gap of £30 million caused by Covid-19.
- Long-term funding settlements to help us end street homelessness.
- Enable us to provide sufficient homes at social rent levels to prevent homelessness.

Supporting some of London's most vulnerable people:

- Suspend the NRPF condition for at least 12 months to enable households with No Recourse to Public Funds to access a wider range of benefits during the pandemic.
- Direct funding for people with NRPF after the pandemic.

This document is a summary. Further details and additional proposals are set out in our main submission